

Dealer Newsletter

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Secretary of State

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New, improved plate fee calculation disk available

A new and improved plate fee calculation disk (Plate Fee 2000 version 1.1) is now available at Secretary of State branch offices. This free disk is popular with dealers because it quickly and easily calculates most license plate fees. The revised disk calculates the proper plate fee for vehicles with base prices over \$30,000. The updated software changes the fee calculations for these vehicles.

Revised fee charts for vehicles with base prices over \$30,000 are also available at Secretary of


State branch offices.

Dealers should obtain the revised plate fee charts and the new plate fee calculation disk and begin using one or the other to calculate plate fees for vehicles with base prices higher than \$30,000.

The Department's mainframe computer program has also been revised. If dealers continue to use the old fee charts or the older plate fee disk, some plate fees will be off by \$1 to \$2. If your dealership participates in the EFT (electronic funds transfer) program, a fee correction can be made and

your work processed.

However, if your dealership still uses paper checks for each transaction, incorrect plate fees may cause your transaction to be delayed.

Dealers are urged to take advantage of this free service provided by the Department of State and pick up a revised plate fee calculation disk at your local branch office. Please contact the Michigan Department of State's Help Desk at (517) 334-7777 if you have any problems installing the disk or have any questions. 

Secretary of State assists dealers replacing lost titles

A common question for Secretary of State branch offices and the Bureau of Automotive Regulation is what to do about a lost title for a vehicle in the dealership's inventory. Here are some frequently asked questions (and answers) that may help:

Q. I have lost a Michigan vehicle title for one of our vehicles. What do I do?

A. It depends,

1. **If the vehicle is six or more years old and valued at \$2,500 or less**, the title may be replaced by the state's self-certification procedure. Submit the following forms to your branch office to apply for a resale title.
 - An RD-108, filled out for a resale title.
 - A completed form TR-205, *Ownership Certification*.
 - A completed form TR-54, *Vehicle Number and On-Road Equipment Inspection*.The TR-205 and TR-54 forms may be obtained from your branch office.
2. **If the vehicle is newer than six years old and/or has a value of more than \$2,500**, the title may be replaced by completing the form *Dealer Application for Replacement of a Lost Michigan Vehicle Title* (AR-0184). You may obtain this form by calling the Bureau of Automotive Regulation at (517) 373-9082.

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Solutions for lost titles to vehicles sold out-of-state

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The AR-0184 may be approved if the ownership is clear. If approved, BAR will then issue an AR-0185, *Dealer's Lost Title Replacement Certification*. This is presented at the branch office with an RD-108 to obtain a resale title. If the ownership is unclear, or problems exist with the application, the application may be returned and/or the dealer may be advised to post a surety bond to obtain a title.

Q. *If I use the AR-0184 procedure, and everything is in order, how long will the whole process take?*

A. You should allow three to five business days for processing once the completed AR-0184 arrives in our office. If approved, you should allow a couple of days for mail time. The AR-0185 certification bears an original signature, and must be sent via regular mail, unless arrangements are made for express courier service.

Q. *I have lost a vehicle title that was not issued by Michigan. Can I get a title?*

A. Yes, but your dealership will be required to post a surety bond for two times the value of the vehicle, which must remain in effect for three years. Contact your branch office for the proper forms and assistance.

Q. *The vehicle has been sold to an out-of-state resident, who lost the title before titling the vehicle in his/her home state. Can I still use the procedures you just described?*


A. No. However, if you processed the deal with a 14-day intransit permit, and can provide a statement from your customer requesting your assistance with the lost title, your branch office will assist you in obtaining a resale title in your dealership name. This can then be reassigned to your customer. If no intransit permit was obtained, the customer will need to contact his/her own state's department of motor vehicles for help. The Michigan Secretary of State cannot assist in this situation.

Q. *What if I sold the vehicle to an out-of-state dealer?*

A. As in the situation with the out-of-state resident with no intransit permit, the Michigan Secretary of State cannot help in this situation. The dealer who purchased the vehicle will have to obtain assistance from his/her state's department of motor vehicles.

Q. *Can't I just ask the original owner (who is on the face of the title) to apply for a duplicate title?*

A. Many former owners are unavailable or unwilling to apply for a duplicate title. We recommend that you follow the appropriate procedure prescribed by BAR, as discussed earlier in this article.

If you have additional questions regarding lost titles and appropriate procedures, you may call the Dealer Program Section at (517) 373-9082. 

Warning! Your license for your use only

Dealers may not legally permit another person, office or organization to use their dealer license to conduct business.

Dealers who sell or lend their license or allow others to operate a separate business under their license are subject to legal penalties, including possible revocation of the dealer license.

Odometer rollback violates Michigan Vehicle Code

BAR has received complaints of dealers altering odometers on vehicles that are exempt from the odometer disclosure law (vehicles over 10 years old). When questioned, dealers attempt to defend themselves by claiming there is no violation because of the age of the vehicle.

While these dealers may not have violated the disclosure requirements of the odometer law, they have committed other serious violations of the Michigan Vehicle Code. When a dealer sells a vehicle, the mileage shown on the vehicle's odometer is still a material representation to the purchaser. If the purchaser's decision to buy is based on that representation, the dealer's failure to disclose that the odometer had been altered is a fraudulent act in connection with selling or otherwise dealing in vehicles.

Just one instance can result in suspension or revocation of a dealer's license, and the act of altering an odometer, without following steps detailed in the Michigan Vehicle Code, is also a crime. The Code does not provide exceptions for older vehicles. This violation is a felony subject to fines and imprisonment. A dealer found guilty of altering an odometer is liable in an amount equal to three times the amount of actual damages sustained or \$1500, whichever is greater, plus the investigation, court and attorney costs.



Dealers asked to show lienholders on RD-108 for out-of-state sales

Dealers have traditionally been advised not to enter lienholder information on RD-108s for out-of-state customers who will take the vehicle to their home state for titling and registration. Unfortunately, some customers take advantage of the missing lienholder information and don't declare the lienholder when they apply for title in their home state.

The Department of State has been involved in several lawsuits where lienholders tried to repossess vehicles previously sold in Michigan only to discover their lien was never recorded on the out-of-state title. In response to this concern, dealers are now being advised to begin listing lienholders in the "First Secured Interest" section of the RD-108.

Department of State branch offices will process the RD-108 to issue an in-transit permit but will not record the lien in Michigan's vehicle records. Instead, the branch validation that appears at the top of the RD-108 will contain the message, "No S.I. Recorded." This message means that while the lienholder information appears on the RD-108, it has not been recorded in Michigan's vehicle records. Entering lienholder information on the RD-108 that the customer takes to his/her home state's titling office will help insure that the lienholder's security interest is protected and recorded.

Supplemental dealer license not needed for RV shows


Recreational vehicle dealers no longer need to apply for supplemental dealer licenses to participate in multi-dealer RV shows with the passage of SB 554.

A dealer may conduct the business of buying, selling, or dealing in motor homes, trailer coaches, trailers, or pickup campers at a recreational vehicle show conducted at a location in this state if three conditions are met:

1) the dealer is licensed as a Class A (new) vehicle dealer or a Class B (used or secondhand) vehicle dealer;


2) the duration of the RV show is not more than 14 days; and,

3) no later than 14 days before the beginning date of the show, the show producer notifies the Secretary of State as to the show's schedule, location, dates, and times, as well as the name, address and dealer license number for each dealer participating in the show.

Show producers can obtain a Recreational Vehicle Show form by calling the Licensing Section at (517) 373-9460, or by accessing the Department of State website at www.sos.state.mi.us/bar. 

Dealer license application requirements: Zoning approval no longer required


The Bureau of Automotive Regulation has implemented a change in dealer license application requirements. In the past, dealers applying for an original license, a supplemental license or a change of address have been required to obtain the approval and signature of the local zoning authority. That is no longer the case. Under the new procedure,

dealers must certify on the application form or an addendum that they will maintain an established place of business as defined by the Michigan Vehicle Code, and that they are in full compliance with all local ordinances, including zoning. Dealers are reminded that making a false statement on an application may be grounds for denial, suspension or revocation of the dealer license. 

Michigan Lemon Law: Lessee to receive notice

As a result of amendments to Michigan's Automobile Lemon Law, the Secretary of State is required to provide a written notice to everyone who leases a new vehicle, in addition to those who purchase a new vehicle. This requirement went into effect January 1, 2000. The "Notice for Lessees of New Vehicles" defines a defective vehicle under the new law; explains possible legal remedies for the lessee if the leased vehicle turns out to

be a lemon; and offers lessees steps to follow in order to protect their rights under Michigan's Lemon Law.

Until computer programming is completed, which will cause notices to be mailed automatically to all new lessees, Secretary of State branch offices will include a copy of this notice attached to processed RD-108s returned to the dealer. It is the dealer's responsibility to ensure the new lessee receives the notice at the time the dealer provides the new registration. 



Dealer disciplinary action

Liberty Auto Sales, Inc., located in Kalamazoo, Michigan, was summarily suspended by the Secretary of State on December 8, 1999. The Department alleged the dealer had established a pattern of failing to process deals, fraudulently selling warranties and credit life/disability policies, and issuing non-sufficient funds checks. An administrative hearing originally scheduled for March 6 and 7, 2000, was dismissed without prejudice after licensee Richard Motycka agreed to surrender his dealer license on March 8, 2000.


Low-speed vehicles allowed on some Michigan roadways under new law

Governor John Engler recently signed into law bills that will permit low-speed electric vehicles to be operated on certain Michigan roadways with a 35 mph speed limit. The law takes effect July 1, 2000.

A low-speed electric vehicle is defined as an electrically-powered vehicle with a capacity of not more than four persons including the driver, weighing 2,200 pounds or less, and equipped with certain equipment, including: head lamps, front and rear turn signals, tail lamps, stop lamps, red reflex reflectors, driver side exterior mirror and either a passenger side exterior mirror or an interior mirror, parking brake, windshield, vehicle identification number, and a seat belt assembly for each designated seating position.

Persons riding in or driving a low-speed electric vehicle must wear a crash helmet unless the vehicle is equipped with a roof that meets or

exceeds standards for roof-crush resistance, as provided under federal law. These vehicles will be titled and registered for use on the highway like any other motor vehicle. Persons buying, selling, or brokering these vehicles must be licensed dealers and hold the appropriate franchise if selling new vehicles. These vehicles are also subject to the Motor Vehicle Service and Repair Act which requires facility registration and mechanic certification to perform major repairs. Persons driving low-speed electric vehicles must be licensed drivers and the vehicles must be covered by no-fault insurance. Drivers are subject to licensing sanctions including the new repeat offender registration denial sanctions for multiple alcohol violations.

Dealers are invited to telephone the Bureau of Automotive Regulation at (517) 373-9460 with questions about licenses required to buy, sell, or repair low-speed electric vehicles. 

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